Business Opportunity For Operating Automobile Service Stations within

Yellowstone National Park

CC-YELL004-07

Department of the Interior

National Park Service

SUMMARY OF BUSINESS OPPORTUNITY

The purpose of this Summary is to provide a synopsis of the key elements of National Park Service (Service) Draft Concession Contract CC-YELL004-07 (Draft Contract), included in this Prospectus for automobile service station operations at Yellowstone National Park (Area). In the event of any inconsistency between the terms of the Draft Contract and this Summary, the Draft Contract will prevail.

The Business Opportunity section of this Prospectus describes the commercial visitor services required in the Draft Contract. The following visitor services are required:

Required Services in the Contract

Service	Description
Automobile Service Stations	Provide fuel to park visitors
Propane	Provide propane to park visitors
Towing services	Throughout the Area as approved
Repair services	Throughout the Area as approved

The Concessioner is authorized but not required to provide the following visitor services during the term of the Draft Contract:

Authorized Services in the Contract

Service	Description
Convenience and vended items	Items such as film, ice, single-serve snacks, coffee, and
	soft drinks at existing service stations throughout the
	Area as approved
Retail items for vehicles	Items customarily found in service stations, such as
	windshield wipers, motor oil, antifreeze, etc. throughout
	the Area as approved

Annual Total Revenues

2001	2002	2003	2004	2005
\$4,983,595	\$4,852,682	\$4,594,769	\$5,054,477	\$6,087,989

Required Facility Maintenance Expense

5 percent of annual gross receipts

Required Repair and Maintenance Reserve

3.5 percent of annual gross receipts



Minimum Franchise Fee

0.0 percent of annual gross receipts

Term of Draft Contract

Ten years starting November 1, 2007

The effective date of the contract is subject to change prior to contract award if determined necessary by the Service due to potential timing issues associated with a transfer of operations.

Estimated Required Initial Investment

There is no Leasehold Surrender Interest or required real property capital investment associated with the Draft Contract.

Estimated Required Initial Investment

Investment Categories	Amount (est.)
Fuel	\$700,000
Merchandise Inventory (supplies for repairs and convenience merchandise)	\$170,000
Start-up Costs	\$30,000
Personal Property (1994 Ford Truck, 1993 Mazda Truck, 2006 Modular	\$180,000
Home, 50 ft)	
Total	\$1,080,000



Table of Contents

1.	Introduction	1
	1.1 Foreword	1
	1.2 The National Park Service and Its Mission	1
	1.3 Yellowstone National Park Background and Mission	2
	1.4 Location	
	1.5 Market Area Overview	
	1.6 Visitation	6
2.	Operations	7
	2.1 Required Services	7
	2.2 Authorized Services	8
	2.3 Assigned Land and Facilities	8
3.	Operating Environment	
	3.1 Direct Competition to Concessioner	
	3.2 Area-Specific Attributes Potentially Impacting Concession Operations	11
	3.3 Concessioner Impact on Area Resources.	12
4.	Investment and Expenses	13
	4.1 Possessory Interest / Leasehold Surrender Interest	13
	4.2 Other Property	13
	4.3 Required Investment	13
	4.4 Concession Facility Improvement Program	13
	4.5 Real Property Maintenance, Repair and Replacement	
	4.6 Utilities.	14
	4.7 Employee Medical Services	15
5.		
	5.1 Concessioner Financial Projections	15
	5.2 Gross Receipts by Department	15
	5.3 Rates	16
	5.4 Service Financial Analysis	16
6	Additional Contract Terms	16
	6.1 Preferred Offeror Determination.	
	6.2 Term and Effective Date	17
7	Cita Vigit	17



1. Introduction

1.1 Foreword

The National Park Service (Service) seeks proposals for the Automobile Service Station operation in Yellowstone National Park (Area). This Prospectus describes in general terms the existing business operations and the future business opportunities required by the Service. Offerors are responsible for reviewing all sections of this Prospectus and specifically, the terms and conditions of the attached Draft Concession Contract CC-YELL004-07 (Draft Contract), including its exhibits, to determine the full scope of a future Concessioner's responsibilities under the Draft Contract. The Service is conducting this solicitation in accordance with the National Park Service Concessions Management Improvement Act of 1998 (PL 105-391) as implemented by the Service in P. L. 105-391, 36 C.F.R. Part 51. This Prospectus is issued under the authority of 36 C.F.R. Part 51. In the event of any inconsistency between the terms of this Prospectus and 36 C.F.R. Part 51, 36 C.F.R. Part 51 will control. Copies of PL 105-391 and 36 C.F.R. Part 51 are included as Appendices to this Prospectus.

The term "Concessioner" as used in this Prospectus refers to the entity that will be the concessioner under the Draft Contract. The term "Existing Concessioner" refers to Yellowstone Park Service Stations, Inc., the concessioner under the existing concessions contract (Existing Contract). The Existing Contract is included as an Appendix to this Prospectus.

1.2 The National Park Service and its Mission

Congress created the National Park Service to:

...conserve the scenery and the natural and historic objects and the wild life therein, and to provide for the enjoyment of the same in such a manner and by such means as will leave them unimpaired for the enjoyment of future generations. (16 U.S.C. § 1)

Additionally, Congress has declared that the National Park System should be:

... preserved and managed for the benefit and inspiration of all the people of the United States. (16 U.S.C. §§ 1a-1)

The overall mission of the Service is the preservation and public enjoyment of significant aspects of the nation's natural and cultural heritage. To learn more about the Service, visit www.nps.gov. This site includes information about the Service, its mission, policies, and individual parks.



YELLOWSTONE NATIONAL PARK



Source: NPS Historic Photograph Collection

1.3 Yellowstone National Park Background and Mission

By Act of Congress on March 1, 1872, Yellowstone National Park was "dedicated and set apart as a public park or pleasuring ground for the benefit and enjoyment of the people" and "for the preservation, from injury or spoilation, of all timber, mineral deposits, natural curiosities, or wonders...and their retention in their natural condition."



Yellowstone is the world's first national park. It has been, and continues to be, a model for the preservation, management, and enjoyment of natural and cultural resources. Because of its international significance, Yellowstone National Park is designated as a World Heritage Site and a Biosphere Reserve. From the history of the park's founding to the variety of today's management challenges, Yellowstone represents an extraordinary idea – the preservation and enjoyment of our natural and cultural heritage. The National Park Service mission requires the protection of these resources, the promotion of sustainable public use practices, and a commitment to involve the American public in the decision making processes in order to promote understanding and to build support for this and other National Park System areas. Issues such as management of elk and bison herds, non-native species, fire, and visitor use, as well as endangered species protection, must be addressed through good science, effective public involvement and affirmation of park values.

The park is managed primarily as a natural area in order to preserve and protect the natural and cultural resources.

Ninety-nine percent of the park's 3,400 square miles remains undeveloped, providing a wide range of habitat types that support one of the continent's largest and most varied large mammal populations.

To learn more about the Area, visit www.nps.gov/yell.

The Area considers concessioners and other business operators within the Area to be critical partners whose actions have dramatic and important effects upon visitors and Park resources. As such, concessioners must understand and embrace the Park mission and work to achieve Park objectives while also striving to fulfill their own organizational and business goals.

1.4 Location

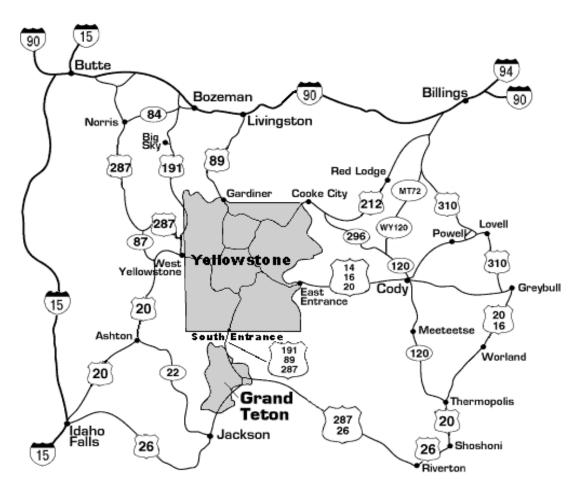
Exhibit 1-A presents an area map showing the Area and nearby landmarks. The Area is located in the northwest corner of Wyoming with portions extending into southwestern Montana and southeastern Idaho. Communities around the Area include:

Community	Location	Population
Cooke City, Montana	4 Miles From the Park's Northeast Entrance	140
Gardiner, Montana	At the Park's North Entrance	800
West Yellowstone, Montana	At the Park's West Entrance	1,200
Cody, Wyoming	53 Miles From the Park's East Entrance	9,100
Jackson, Wyoming	64 Miles From the Park's South Entrance	9,000
Livingston, Montana	56 Miles From the Park's North Entrance	7,100
Bozeman, Montana	82 Miles From the Park's North Entrance	33,000

Source: 2005 U.S.Census Bureau Statistics



Exhibit 1-A: Area Map



Source: www.nps.gov/YELL

1.5 Market Area Overview

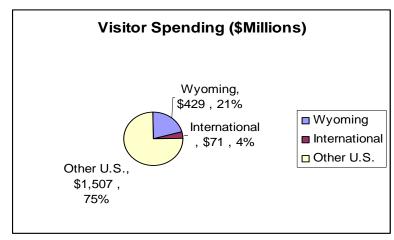
Tourism

According to the Wyoming Economic and Demographic Forecast 2005 to 2014, with more than \$1 billion in direct expenditures and 28,000 jobs, Wyoming's travel and tourism industry is an important part of the overall economy, particularly for the Northwest Region of the state. The primary attractions for tourists are the world's oldest national park, Yellowstone National Park, and the scenic Grand Teton National Park. Each year, millions of people from all over the world visit the two parks. Its economic impact crosses many retail trade and services related sectors such as gasoline stations, general merchandise stores, arts, entertainment, and recreation services.



U.S. residents of states other than Wyoming accounted for three-quarters of all travel spending in Wyoming in 2004. Residents of Wyoming accounted for 21 percent, while international visitors accounted for nearly 4 percent (Exhibit 1-B).

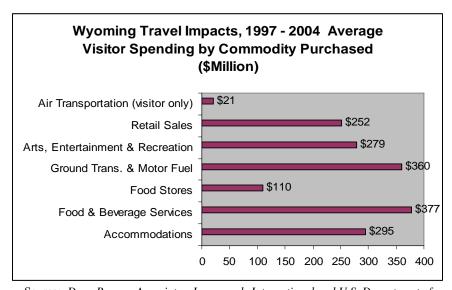
Exhibit 1 – B



Source: Dean Runyan Associates, Longwoods International and U.S. Department of Commerce (Bureau of Economic Analysis and International Trade Administration). 1997-2004

As demonstrated by Exhibit 1-C, *Visitor Spending by Commodity Purchased*, refers to the total spending on each commodity for all types of visitors to Wyoming. This exhibit demonstrates that the commodity of Ground Transportation and Motor Fuel is the second largest category of visitor spending in Wyoming.

Exhibit 1-C



Source: Dean Runyan Associates, Longwoods International and U.S. Department of Commerce (Bureau of Economic Analysis and International Trade Administration). 1997-2004



Traveler Profile and Trip Characteristics

Wyoming Travel Industry, 2004 Impact Report listed the following travel profile and characteristics:

- The average length of stay for overnight visitors grew slightly to 4.0 days compared to 3.6 days in 2003, up from 3.2 days in 2000.
- The average party size for visitors to Wyoming was 3.3, right in line with the U.S. norm.
- 90% of visitors came to Wyoming for pleasure, 10% came for business.
- 65% of visitors traveled more than 500 miles to reach Wyoming.
- 86% of visitors used either their own vehicle or a rental vehicle to travel to Wyoming.
- The overnight visitor to Wyoming is educated and affluent
 - o 72% of visitors are college graduates, in graduate school or have taken college courses
 - o 61% of visitors are employed as managers/professional or in other white-collar positions.
 - o 63% of visitors have an annual income more than \$50K
- 53% of overnight visitors come to Wyoming in July through September, whereas only 35% of daytrippers visited during that same time.

1.6 Visitation

Exhibit 1-D presents annual recreational visitation at Yellowstone National Park. As can be seen in Exhibit 1-D, the number of Area visitors has remained fairly stable over the past decade, with approximately three million visitors annually.

3,500,000 3.131.381 3,012,171 2,889,513 2,973,677 3,019,375 2,868,317 2,835,651 2,838,233 2,758,526 3,000,000 2,500,000 2,000,000 1,500,000 _ _ _ 1,000,000 500,000 0 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005

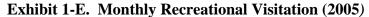
Exhibit 1-D. Annual Recreational Visitation (2005)

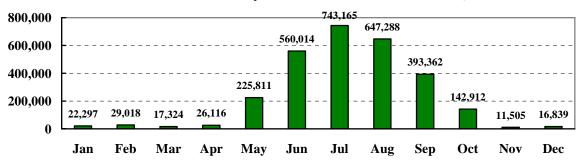
Source: Public Use Statistics Office (http://www2.nature.nps.gov/stats/)

Like many national parks, peak season in the Area is from May to October, with June to September realizing the heaviest visitation. From November to April, when access to the park is limited, visitation declines dramatically.

Exhibit 1-E presents monthly recreational visitation to the Area.







Source: Public Use Statistics Office (http://www2.nature.nps.gov/stats/)

2. Operations

2.1 Required Services

Exhibit 2-A presents a summary of visitor services required under the Draft Contract. The Draft Contract, including it exhibits, provides details on these required services.

Exhibit 2-A. Overview of Required Services

Service	Description
Automobile Service Stations	Provide fuel to park visitors
Propane	Provide propane to park visitors
Towing services	Throughout the Area as approved
Repair services	Throughout the Area as approved







Old Faithful Station



2.2 Authorized Services

In addition to the required services presented above, the New Concessioner will have discretion to provide services authorized under the Draft Contract. Exhibit 2-B presents the authorized services. The Draft Contract, including its exhibits, provides details on these authorized services.

Exhibit 2-B. Overview of Authorized Services

Service	Description
Convenience and vended items	Items such as film, ice, single-serve snacks, coffee and soft drinks at existing service stations throughout the Area as approved.
Retail items for vehicles	Items customarily found in service stations, such as windshield wipers, motor oil, antifreeze, etc. throughout the Area as approved.

2.3 Assigned Land and Facilities

Exhibit 2-C provides a summary description of the land and facilities assigned to the Concessioner for use in conducting operations under the Draft Contract. Land assignment maps are included in Exhibit C of the Draft Contract.

Exhibit 2-C. Overview of Land and Facility Assignments

Location (Land / Facility)	Sheet No. , Land Assignment Maps	Description	Material Differences from Current Contract	
		2,700 sf office space in Xanterra Parks & Resorts-assigned* transportation building.		
Gardiner (facility)	Sheet 2	690 sf residence adjacent to Xanterra's assigned* transportation complex	No material change	
Mammoth (facility)	Sheet 3	670 sf service station – constructed in approx. 1940	No material change	
Mammoth (facility)	Sheet 3	1,125 sf dormitory - constructed in 1945	No material change	
Mammoth/Warming	Sheet 5	Underground fuel tank	No material change	



Hut Fuel Tank		and gas pump	
Tower Junction	Sheet 24	958 sf service station –	No material change
(facility)		constructed in 1962	
Canyon Junction	Sheet 22	2,475 sf service	No material change
(facility)		station constructed in	
		1956	
Canyon (facility)	Sheet 22	4,197 sf dormitory –	No material change
		constructed in 1968	
Old Faithful	Sheets 8 and 8A	2,162 sf lower service	No material change
(facility)		station – constructed c.	
		1927	
Old Faithful	Sheets 8 and 8C	1,652 sf upper service	No material change
(facility)		station – constructed c.	
		1929	
Old Faithful	Sheet 9	4,088 sf dormitory –	No material change
(facility)		constructed c. 1989	
Grant Village	Sheet 10	4,706 sf service station	No material change
(facility)		– constructed in 1971	
Grant Village	Sheet 10	720 sf each – three	No material change
(facility)		modular dormitory	
		units $2 - c$. 1970; 1 in	
		c. 1980	
Fishing Bridge	Sheet 18	1,534 sf service station	No material change
(facility)		– constructed c. 1927	
Fishing Bridge	Sheet 18	2,970 sf repair shop –	No material change
(facility		constructed c. 1928	
Fishing Bridge	Sheet 18	2,832 sf dormitory –	No material change
(facility)		constructed c. 1959	
Fishing Bridge	Sheet 18	5 cabins about 308 sf	No material change
(facility)		each – constructed c.	
		1920	

^{*}Xanterra Parks & Resort is the Concessioner that holds another contract for lodging, gifts, food and beverages in the Area.

3. Operating Environment

3.1 Direct Competition to Concessioner

The Service does not authorize other businesses to operate in the Area that compete with the service station aspect of the concession operation, other than towing. The Existing Concessioner has first call for towing during the summer operating season and the new Concessioner would also have first call for towing. During the months that the concessioner does not tow, or in situations where the concessioner is not able to respond to calls, Service-authorized towing companies from the surrounding communities provide the service. Potential Offerors must conduct their own research to evaluate the competitive environment.



The Service allowed the Existing Concessioner to sell limited visitor convenience items under their contract which includes single serve food items, ice, bottled water, postcards, phone cards and merchandise typically found in a service station (maps, windshield wipers, appropriate vehicle belts and miscellaneous automobile parts). Similar convenience items are sold at Yellowstone General Stores.

Exhibit 3-A outlines visitor services provided in the Area (by geographic area) including those offered under this concession contract as well as other service providers. The map in Exhibit 3-B provides a geographic depiction of the Area and the developed areas.

Exhibit 3-A – Concession Operated Visitor Service by Geographic Area

23/112						Geographie Area
	Auto Service Stations	Lodging	F&B	Retail	Camping	Other (Including NPS Operated Facilities)
Mammoth Hot Springs	√ *	V	V	V		Summer and Winter Operations, Medical Clinic, Park Headquarters, Post Office, Visitor Center, Service Campground
Tower- Roosevelt	√*	$\sqrt{}$	V	V		Cookout, Livery, Service Campground
Canyon Village	√ *	1	V			Livery, Visitor Center
Lake Village		V	V			Post Office, Medical Clinic
Bridge Bay						Marina
Fishing Bridge	√*			1		Visitor Center, Warming Hut
Old Faithful	√*	V	1	V		Visitor Center, Post Office, Medical Clinic, Warming Hut
Grant Village And WestThumb	√*		V	V	√ 	Warming Hut, Visitor Center, Post Office
Madison					$\sqrt{}$	Warming Hut
Norris						Service Campground, Ranger Museum

[√] Indicates service offered at this location -* Indicates service described in this Business Opportunity and the Draft Contract



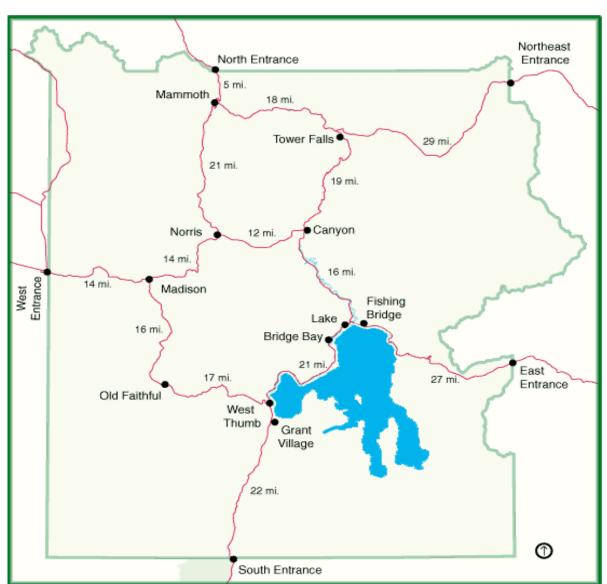


Exhibit 3-B Park Map

3.2 Area-Specific Attributes Potentially Impacting Concession Operations

Exhibit 3-C identifies several unique attributes of the Area that could potentially affect the concession operation. Exhibit 3-C is not intended to be an exhaustive listing of all unique attributes. Potential Offerors must conduct their own research to evaluate the operating environment.



Exhibit 3-C. Unique Attributes Potentially Impacting Concession Operations

Unique Attribute	Potential Impact to Concessioner
Seasonal Operations	Most of the interior roads are closed to vehicles from the first Sunday in November until Winter operations start up in mid-December, at which time transportation is limited to over-snow vehicles. The roads open up to limited travel on the third Saturday in April and all roads are open to vehicle travel in May (weather depending).
Temporary Winter Use	Best available technology requirement for snowmobiles has
Rule	reduced the amount of gasoline used.
Road Projects	Road projects are projected to continue on the East Entrance Road, with night closures through 2008. The road from Norris to Madison may have a complete closure in the fall of 2008.
Conditions of Buildings	Several buildings have critical deficiencies which will require correction. Whenever possible, these will be addressed by using the Repair and Maintenance Reserve and will be prioritized jointly by the Concessioner and the Service.

3.3 Concessioner Impact on Area Resources

The mission of the Area includes protecting, conserving, and preserving Area resources. Exhibit 3-D describes the likely impacts that the concession operations will have on resources. Exhibit 3-D is not intended to be exhaustive but instead focuses attention on effects that are particularly important to the Area.

Exhibit 3-D. Concessioner Impact on Area Resources

Area Resource	Description
Service stations at Old Faithful,	The Concessioner is assigned these historic buildings
Mammoth, and Fishing Bridge	which contribute to the significance of the Cultural and
	Natural Landscape. The Old Faithful service stations are
	located within a National Historic District. The Area is
	committed to the proper preservation of these facilities.
	The Concessioner will have a critical role in maintaining
	and preserving these facilities
All service stations	Concessioner-assigned facilities are in most instances
	located on and/or near sensitive soils and landscapes. The
	Concessioner is expected to minimize surface
	contamination since pollutants could have significant
	impacts on resources.



4. Investment and Expenses

4.1 Possessory Interest / Leasehold Surrender Interest

Possessory Interest and Leasehold Surrender Interest are generally defined as compensable interests in real property and certain capital improvements provided by the Concessioner. There is no Possessory Interest associated with the Existing Contract. There is no Leasehold Surrender Interest associated with the Draft Contract.

4.2 Other Property

Other property consists of inventories of merchandise and fuel. Section 17 of the Existing Contract governs compensation for personal property and no compensation is owed the Existing Concessioner. However, a successor concessioner may purchase such personal property from the Existing Concessioner subject to mutually agreed upon terms. A new concessioner will be required to purchase any other personal property that is necessary to operate this business opportunity. The Service estimates inventories of supplies for repairs and convenience merchandise at \$170,000. Fuel is estimated to cost \$700,000 at the beginning of the winter season. Because most interior roads are closed to vehicles the first Sunday in November until May, the Concessioner is required to fill their fuel storage tanks before the roads are closed to vehicle traffic for the winter season

The new Concessioner will be assigned the existing government-owned personal property (Exhibit D of the Draft Contract) and will be expected to maintain such property and supplement and/or provide all personal property necessary for the operation. There is no requirement for the new Concessioner to purchase concessioner-owned personal property from the existing Concessioner.

4.3 Required Investment

The Service estimates the initial investment required of the Concessioner as shown in the following Exhibit 4-A.

Exhibit 4-A Estimated Required Initial Investment

Investment Categories	Amount (est.)
Fuel	\$700,000
Merchandise Inventory (supplies for repairs and convenience merchandise)	\$170,000
Start-up Costs	\$30,000
Personal Property	\$180,000
Total	\$1,080,000

4.4 Concession Facilities Improvement Program

The Draft Contract does not require or allow the new Concessioner to undertake and complete a real property improvement program (known as a Concession Facilities Improvement Program or CFIP).



4.5 Real Property Maintenance, Repair and Replacement

Required Facility Maintenance Expense

The Facility Maintenance expenses for the 2001-2005 period averaged about 2.9%. This amount has been determined to be inadequate to maintain the facilities. Under the Draft Contract the Concessioner will be required to expend a minimum of 5 percent (5%) of gross receipts from the previous year (as defined in the Draft Contract) on routine, operational maintenance of the Concession Facilities, including repairs, preventative maintenance, and cyclic maintenance recurring within a seven-year time frame as defined in Section 9 of the Draft Contract and Exhibit E, Maintenance Plan of the Draft Contract.

Repair and Maintenance Reserve

The Draft Contract requires the Concessioner to establish a Repair and Maintenance Reserve. Refer to Section 9(c) of the Draft Contract for guidance on the terms and conditions for the Repair and Maintenance Reserve. Under the Draft Contract the Concessioner will be required to set aside a minimum of three and one-half percent (3.5%) of gross receipts for the previous month (as defined in the Draft Contract) and expend that amount on Service-approved real property component renewal and replacement projects, normally occurring on a greater than seven year timeframe, as defined in Section 9(c) of the Draft Contract and Exhibit E, Maintenance Plan of the Draft Contract for the purpose of ensuring that funds are available to cure certain maintenance problems that are not accomplished as part of normal, ordinary operations.

4.6 Utilities

Exhibit 4-C presents information related to utilities provided by the Service.

Exhibit 4-C. Utilities

TIVITY NDC D 11 10 III C 1 D C			
Utility	NPS-Provided?	Historical Rates	Comments
		and Costs	
Solid	Yes	\$601.64 / ton for	Actual cost in 2005 was \$13,163.
Waste		2006.	Solid waste rates have increased
			18%.
Water	Yes	\$4.410 / 1000	The cost for water and sewer in
		gallons for 2006.	2005 was \$7,156. This is an 11
Sewer	Yes	\$4.638 / 1000	percent increase over 2005.
		gallons for 2006	
Electrical	Concessioner	Unknown	
	pays direct to		
	supplier. Metered		
	by NorthWestern		
	Energy		
Phones	Concessioner	Unknown	
	pays direct to		



provider;	
provided by	
Qwest.	

4.7 Employee Medical Services

The next concessioner must provide in-Park health coverage and access to medical care for its employees. The experience of the Service is that the Concessioner may fulfill this responsibility most effectively (operationally and financially) by the use of the concessioner-operated medical service. For purposes of this Prospectus, the Service has assumed that the next concessioner will expend approximately \$25,000 per year (expressed in 2007 dollars, adjusted for inflation) in payments for this service.

5. Financials

5.1 Concessioner Financial Projections

The Proposal Package of this Prospectus requires Offerors to develop financial projections based upon the services under the Draft Contract. In order to assist the Offerors in the development of these projections, information regarding historical utilization and operating data for the services to be provided under the Draft Contract are presented on the following pages.

The Offeror must exercise caution in using the historical information and Service estimates. The Service has not provided financial projections. Offerors are responsible for producing their own prospective financial analyses and may not rely on the Service estimates. The Service does not warrant and assumes no liability for the accuracy of the estimates contained in this Prospectus.

5.2 Gross Receipts by Department

Exhibit 5-A presents historical concession revenue by department for the past five years. As can be seen from Exhibit 5-A, gross revenue is relationally constant with an increase in 2005 due to higher gas prices.

Exhibit 5-A. Gross Revenue by Department

Year	Fuel and Oil	Parts, Service	Total
		and Other ¹	
2005	\$5,341,800	\$746,189	\$6,087,989
2004	\$4,507,495	\$546,982	\$5,054,477
2003	\$4,140,593	\$454,176	\$4,594,769
2002	\$4,358,927	\$493,755	\$4,852,682
2001	\$4,521,906	\$461,689	\$4,983,595

Source: Concessioner Annual Financial Reports [Note 1: Other includes convenience items]



Gross receipts decreased in 2003 with the implementation of the Winter Use Temporary Rule. This rule limits the number of snowmobiles to no more than 720 per day and requires all snowmobiles to meet best available technology requirements.

5.3 Rates

The Area ensures that the Concessioner's rates and charges to the public are commensurate with the level of services provided, and are reasonable, justified, and comparable with similar services provided in the private sector. The Service will determine the reasonableness of rates based upon the Service "Concession Management Rate Approval Guide." The Operating Plan (Exhibit B to the Draft Contract) describes the current rate approval methods. Generally, rates are based on comparison with like services provided by the private sector, under similar circumstances and in the same general geographic region. The Superintendent approves all rates.

Exhibit 5-B contains the currently approved rates for the concession operation.

Exhibit 5-B.	Approved Rates for 2006

Service	Currently Approved Rate
Fuel	39 cents over fuel margin
Propane	\$2.80 per gallon
Towing	\$100 hourly rate
Repairs	\$85 hourly shop rate
Convenience	Prices based on Markup
Items	method (see Operating Plan)

5.4 Financial Analysis

The minimum franchise fee for the Draft Contract is zero percent (0%). Offerors may propose a higher franchise fee in accordance with the terms of this Prospectus.

The Service performed a fee analysis to establish the minimum fee, which considered historical financial information as well as projections for the term of the contract. The Service considers this analysis as confidential and does not release copies.

The current franchise fee for the Existing Contract is zero percent (0%) of annual gross receipts. The Concessioner currently provides one and one-half percent $(1 \ 1/2\%)$ to a Repair and Maintenance Reserve.

6. Additional Contract Terms

6.1 Preferred Offeror Determination

The Service has determined that the Existing Concessioner is not a Preferred Offeror for this Draft Contract pursuant to the terms of 36 C.F.R. Part 51.



6.2 Term and Effective Date

The Draft Contract is for a term of ten (10) years beginning on its effective date, which is estimated to be November 1, 2007. The effective date of the Draft Contract is subject to change prior to contract award if determined necessary by the Service due to potential timing issues associated with a transfer of operations. The expiration date of the Draft Contract will be changed accordingly if a material adjustment is made to the effective date that significantly affects the business opportunity.

7. Site Visit

To help potential Offerors conduct due diligence, the Service scheduled a site visit that took place on October 10, 2006. A copy of the site visit materials is included as an appendix to this Prospectus. Area personnel provided an overview of the Area, along with a tour of the existing Concession Facilities associated with this Draft Contract. For more information, please contact:

Judy Jennings, Chief, Business Management Yellowstone National Park P.O. Box 168 Yellowstone National Park, WY 82190 (307) 344-2270 or 2271

